

Preliminary Assessment Review for Federal ESPCs

The agency should take the following steps in preparation for review of the preliminary assessment:

- Identify the agency review team prior to receiving the assessment (to include the site technical person, the site CO, and other agency/site people as necessary).
- Consider requesting informal, preliminary information on the preliminary assessment content (perhaps just an early version of some/all of the DO schedules) for discussions before the written assessment is finalized. If mutually agreeable, this step can improve the suitability of the preliminary assessment.
- Review the (standard) criteria to be used in evaluating the assessment:
 - (1) ECM Descriptions and Projected Energy Savings
 - Degree to which the ECM package is reasonable, acceptable, comprehensive, and provides a solution to government needs
 - Reasonableness of energy and O&M savings and adequacy of backup assumptions and analysis.
 - (2) Measurement and Verification - Is it reasonable and appropriate?*
 - (3) Risk/Responsibility Matrix – Are the government and ESCO risks and responsibilities clearly described and allocated? Are they appropriate?
 - (4) Price reasonableness considerations*
 - Estimated annual cost savings on Sch. DO-1 (initial) is substantiated in technical proposal and is reasonable and consistent with the technical approach
 - Service phase line item costs, term of contract, and total cost are reasonable and consistent with the technical approach (keep in mind that the ESCO will use estimates for the preliminary assessment)

Technical considerations 1, 2, and 3 should weigh more heavily than price.

After the written preliminary assessment is submitted, conversations with the ESCO should not be directed toward asking for a revised assessment. The preliminary assessment should remain intact while the agency is deciding whether to move forward. If the ESCO gives a presentation, keep to questions and clarifications on the proposal rather than suggesting changes to scope, technologies, etc.

The government should attempt to complete the review as soon as possible. After completing the technical and price review, these questions should be answered to determine whether to proceed with the project:

- Does this project proposal meet the majority of the agency needs?
- Is this an appropriate project to pursue under a performance contract?
- Is this a reasonable technical and financial deal for the government?
- Is this a contractor with whom you can have a good long-term working relationship?

If the answers are “Yes,” then it is justified and expected that the agency will continue on a single-source path with the ESCO. The agency CO should write a brief justification to file to back up the decision. Remember that the proposal will not be perfect at this stage, but it should provide the “core” measures expected in the final package. In general, preliminary assessment questions and comments should be directed towards a resolution in the investment-grade audit and final proposal, and not require additional iterations of the preliminary assessment.

It may also be unclear whether this is a project with which the agency wants to move forward. There may be issues to discuss internally before reaching a conclusion. Perhaps the proposal would be acceptable with some alterations, and perhaps some issues need to be addressed early in the Detailed Energy Survey (DES) stage (the ESCO’s next step). In some cases, revised DO schedules may be required before moving to the DES. In general though, the idea is to move forward with the existing proposal and the proposal comments into the DES, since a more detailed final proposal is generated at the conclusion of that stage.

If serious flaws need to be corrected before the project can be considered, the agency can reject the first attempt and give the ESCO the opportunity to resubmit. Again, the time limit to make the decision is 30 to 60 days from time of receipt. Communicate with the DOE COR during this period to keep him or her up to date.

If the agency determines the proposal is acceptable and wishes to proceed, the next step will be to assemble a Request for Proposal (RFP) defining the agency specific terms and conditions. Once that is complete, it will be forwarded to the ESCO with a “Notice of Intent to Award a Delivery Order” letter. This allows the ESCO to proceed to the Detailed Energy Survey (DES) phase.

Keep in mind that both the technical and price proposals will be further refined during the DES phase, and that technical and price elements are negotiable throughout the process.

***ADDITIONAL M&V and PRICING CHECKS**

Checklist for M&V Approach

Project site and measures are reasonably defined.

- What savings will be claimed? (energy, interactive effects, O&M, rate change...)

M&V approach (A, B, C, D, from *FEMP M&V Guidelines*) is defined for each measure.

Baseline Equipment and Conditions (plan only).

- Plan for defining existing equipment (inventory and performance) is described.
- Plan for defining space conditions (foot-candles, temps, etc.) is described.
- How and why any baseline adjustments will be made is discussed.

Post-Installation Equipment and Conditions (plan only).

- Plan for defining new equipment (inventory and performance) is described.
- Plan for defining space conditions (foot-candles, temps, etc.) is described.

Annual verification and measurement activities are mentioned.

- Who will conduct the M&V activities and prepare M&V analyses and documentation is described.

Pricing Checks

- Compare columns on TO-1 (initial) to ensure payments are less than savings.
- Pricing is consistent between TO schedules.
 - └ TO-1 "Contractor Payments" match TO-3 "Total Contractor Payments"
 - └ TO-2 "Total Implementation Price" matches the value listed on DO-3
 - └ TO-4 "Estimated Annual Savings" matches the value on TO-1 (year 1)
- Ask your facilitator about benchmark ranges for direct costs of common ECMs such as lighting, variable-speed drives, and chillers. This is a gross check at this stage, and the final proposal will contain more direct cost information for evaluation and negotiation.